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INDUSTRIAL PRODUCTION IN THE SOVIET UNION IN 1980

The production statistics for the Soviet Union for 1980 have now reached the United States. If we can be forgiven for even suggesting it, production in the Soviet Union in 1980 had its ups and downs. In several areas of production, conditions were better than they were in 1979. In the case of electricity, for example, production was up 5%. Considering that production had only increased by 3% in 1979, that is a significant increase. Similarly, in the case of petroleum, overall output was increased by 3% to 603 million tons. That was an improvement over the 2.4% increase in 1979. In absolute terms, that meant an increase in output of 17 million tons. That was not as much as the 606 million tons that had been planned for 1980; however, it is better than the 14 million ton increase reported in 1979 over 1978. The overall goal is still beneath the original Tenth Five-Year Plan target specified in 1976 for the year 1980, but it is a reasonable achievement. Other accomplishments include a jump in fertilizer production of 10% over 1979. That may not be as impressive as it seems on the surface, given the fact that fertilizer production in 1979 fell 4% from what it had been in 1978.

Disappointments include the fact that coal and steel production continued to fall from levels attained in the preceding year. That is a continuation of the pattern that began in 1979 over 1978. Also upsetting is the fact that meat production was 2% below what it had been in 1979.

The grain harvest in 1980 increased to about 189 million tons or by about 10 million tons over the preceding year. That was a bit better than preliminary reports indicated would be the case. Most of that increase was in increased production of wheat. Similarly, cotton production increased as did sugar beet production. What undoubtedly was painful, however, was the fact that sunflower production dropped by about 13% from the preceding year, and more important than anything else, potato production dropped by more than 25%. That was not only a fall in the target, but it indicated that a very important component of the Soviet diet must have been in short supply. Retail sales of potatoes fell by 7%. One should bear in mind, however, that this only reflects the sales in the state stores. What is missing are the sales from the peasant markets. Undoubtedly the peasant markets were similarly affected. As in Ireland, the disappearance of potatoes is a very serious situation.

As we did last year, we have also included figures for retail sales increase. For the most part, sales increased at a reasonable rate. Overall retail sales volume in the government and cooperative stores that are run by the government rose by 5.3%. There may be an index number problem with this figure because the sales of individual items don't seem to show that much growth. But even though a 5% increase in retail sales is something to be pleased with, the Soviets must have been disappointed by the fact that deposits in the savings banks increased even more, by 6.8%. That suggests that consumers are still not being satisfied in the Soviet Union.

Finally it should be noted that foreign sales volume (the way the Soviets record it, that includes both exports and imports) increased by 14%, a significant increase.

It should be remembered that while these increases would on the whole look good from the perspective of someone whose country may be experiencing a

recession, from the Soviet point of view, they nonetheless must be disappointing. What must be remembered is that 1980 was the last year of the 10th Five-Year Plan. It is worthwhile comparing actual performance with the stated goals as announced in 1976. Electricity production was to increase to 1.34 to 1.38 billion kilowatts. As we saw, it was closer to 1.3 billion kilowatts. Similarly, petroleum production was to increase to 620-640 million tons, but production reached only 603 million tons. Natural gas production was to grow between 400-435 billion cubic meters. Interestingly enough, the Soviets managed to fulfill that maximum variant of the target. In contrast, coal production, which was to reach 790-800 billion tons with the variant of 805 ultimately chosen, fell far below target since production reached only 716 million tons. In other words, they were off by almost 100 million tons. In the same way, steel production was to reach 160-170 million tons with a goal ultimately selected of 168.5. In contrast, production reached only 148 million tons, 20 million tons short of the goal. Mineral fertilizer production was to increase to 143 million tons, and fell 39 million tons short of the goal. Cement production was to reach 143-146 million tons, but the Soviets were able to produce only 125 million tons, another significant under-fulfillment. Truck production was to reach 800-825 thousand vehicles, but only 787 thousand were produced.

In agriculture, the situation was equally if not more disappointing. Grain production was to average 215 to 220 million tons a year. As we saw, actual output was only 189 million tons, over 25 million tons below target. Meat production, strangely enough, did actually reach a lower variant of the initially projected target of 15 million tons. Nonetheless there is still reason to believe that the Russians were quite unhappy with what was actually achieved. Clearly they would have preferred to have had a greater increase not only in food products, but in industrial products. All things considered, given the size of some of the production shortfalls in so many industries, the Soviets did relatively well in the petroleum industry.

While we won't make a detailed analysis of all the retail sales figures, it is interesting to see that meat production fell by 2% in 1980, whereas retail sales in state stores and government cooperative stores rose by 3%. This suggests that the Soviets must have imported a considerable amount. Considering that 1980 was also the Olympics year during which the Soviets did their best to provide consumer goods, that probably is a reasonable supposition. It is worth noting that fish sales increased by 12%. This undoubtedly was an effort to offset the shortages in meat production.

Overall the Soviets say their national income increased by 3.8%. While it is a little hard to understand how they reached that figure, given so many of their problems, it is nonetheless a sharp drop from preceding years. Moreover, there seems to be little which indicates that the years ahead are probably going to be less difficult for Soviet indusry.

ARDEN HOUSE CONFERENCE ANNOUNCED MARCH 13-15

By now, all of you should have received both the Program and the application blank for the Arden House Conference which is scheduled for March 13th to 15th. Given the interest that has been shown, we expect a full house. Since the facilities at Arden House are limited, we urge those of you who have not already sent in your application to act immediately. In case you have misplaced it, we have enclosed another application blank. If you would like more information, or the Program itself, please let us know and we will be happy to send you one.

INDUSTRIAL PRODUCTION FOR THE 12 MONTHS OF 1980

Product	Jan.-Dec. 1979	% of 12 mos. 79 over 12 mos. 78	Jan.-Dec. 1980	% of 12 mos. 80 over 12 mos. 79
Electricity [bil. kw. hours]	1239	103	1295	105
Petroleum (Including gas condensate) [mil. tons]	586	102.4	603	103
Natural gas [bil. cu. m.]	407	109	435	107
Coal [mil. tons]	719	99	716	99.7
Steel [mil. tons]	149	99	148	99.2
Fertilizer [mil. tons]	94.5	96	104	110
Computer Technology [bil. rubles]	3.9	118	4.5	114
Watches [mils.]	64.5	102	66.7	103
Radios [mils.]	8.5	99	8.5	100
Television Sets [mils.]	1.8	101	2.3	125
Paper [mil. tons]	5.2	95	5.3	100.7
Cement [mil. tons]	123	97	125	102
Meat [mil. tons]	15.5	100	15.1	98
Vegetable Oil Prod. [mil. tons]	2.8	93	2.6	94
Motor Vehicles	2173	101	2199	101
cars [100's]	1314	100	1327	101
trucks [100's]	780	102	787	100.9
Tractors	46.6	97	47	100.8
Grain	179	76	189.2	106
Wheat	90.1	75	98.1	109
Rye	8.1	60	10.2	126
Corn	8.4	93	9.7	115
Rice	2.4	114	2.8	117
Cotton	9.16	108	9.96	109
Sugar beets	76	81	79.6	105
Sunflower	5.37	101	4.65	87
Potatoes	90.3	105	66.9	74
Vegetables	25.8	98	25.9	100

INCREASE IN SALES OF GOODS AT STATE AND COOPERATIVE STORES

	Percent Increase	
	1979 over 1978	1980 over 1979
Bread Products	101	102
Meat & Meat Products	102	103
Fish & Fish Products	100	112
Butter	101	101
Margerine	104	106
Cooking Oil	102	107
Cheese	103	99
Eggs	104	106
Sugar	100	108
Confectionary Prods.	107	104
Tea	106	111
Potatoes	108	93
Vegetables	109	98
Fruit & Citrus Frt	106	98
Clothing	105	106
Leather Shoes	105	106
Dishware	108	109
Soap	113	109
Furniture	104	106
Ice-Refrigerators	99	97
Washing Machines	99	101
Vacuum Cleaners	98	102
Watches	104	101
Photographic Equip.	110	99
Motorcycles	104	100
Bicycles	100	100
Radios	101	98
Televisions	95	101
Colored T.V.s	130	132
Automobiles	101	102

CURRENCY FIGURES

Rubles Purchased Per 100:	Jan.80	Dec.80	Jan.81
Aust. shilling	5.170	4.920	4.790
U.K. pound	142.540	158.000	162.200
W. German mark	37.170	34.800	34.100
U.S. dollar	63.950	66.500	67.800
French franc	15.940	14.940	14.700
Japanese yen	.268	.310	.333
Italian lira	.0795	.0729	.0717
Swiss franc	40.00	38.430	37.700

The currency exchange rates reported by Gosbank for the month of January 1981 show that only the British pound, the Japanese yen, and the U.S. dollar increased in value. All other currencies reported here decreased. This breakdown is also true in comparing the currency rates of January 1980 to January 1981.

The Russian Research Center takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article in question; and unless otherwise stated, with those of the Editor, Marshall I. Goldman.

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